

Rt Hon Alok Sharma MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy & Industrial Strategy
1 Victoria Street
London
SW1H 0ET

3 April 2020

Dear Alok Sharma,

Re: Coronavirus Job Retention Scheme for Letting and Estate Agents

We are writing to you in relation to the Coronavirus Job Retention Scheme and its application for estate agents and letting agents. Whilst we welcome the Government's support through the Job Retention Scheme, we have been contacted by our members who are still facing financial difficulty as the scheme does not provide for their circumstances.

Sales staff and negotiators employed by agencies are predominantly employed on a low salary, with the rest of their income being generated through commissions. The sum of these together is known as 'on target earnings' (OTE).

The Government's Guidance states that the scheme will "provide employers with a grant from HMRC to cover the lower of 80% of an employee's regular wage or £2,500 per month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that subsidised wage". Crucially however for agents, "Fees, commission and bonuses should not be included".

Link to Guidance: <https://www.businesssupport.gov.uk/coronavirus-job-retention-scheme/>

One of our members, an independent property agency in the west of England has highlighted that sales negotiators are employed with a salary of £10,000 supplemented by commission of 7% of sales across the team. The average OTE based on this is estimated to be in the region of £27,500 per annum. Given that the basic salary element is on average 36 per cent of what they earn, under the Coronavirus Job Retention Scheme a sales negotiator will be reduced to £667 per month before tax. This is not enough to pay the rent or mortgage on their own homes.

Even a sales manager who is expected to achieve OTE of £52,000 per annum, only has a basic salary element of £18,000. If they are furloughed, they will only be eligible for £1,200 per month, before tax. This may allow for their rent or mortgage payments, but not living costs or supporting a family.

For a small independent business like the agency referred to above, the salary bill is by far the largest business expense. With no housing market activity going on at all, the business will continue to suffer in months to come when the agency returns to full operation because, on average, the sales income takes at least 3 months to come in after the point a sale is agreed and staff receive commission when the fee is received.

The Guidance refers to employees whose pay varies and stipulates how employers should average out their earnings to calculate how much to claim while these staff are furloughed. At present, this will not apply to property agents as the reason their pay varies is due to the element of their pay that is derived from commission, even though agents pay tax and national insurance based on the full salary including commission.

Propertymark urge the Government to include 'on target earnings' (OTE) income within its furlough scheme calculated using the variable pay criteria. With the housing market at a standstill as the country seeks to prevent the spread of this pandemic, agencies are not able to top-up salaries from the furlough grant to anywhere near OTE for agency staff.

From the time you spent as Housing Minister, we are sure you will remember how important this sector is to both individuals and families through the provision of homes, and to the economy through service provision and contributions to the Exchequer. We ask that you recognise the position employed agents find themselves in and amend the Job Retention Scheme to support them.

As I'm sure you will appreciate the sector is concerned about its future and many of our members have expressed alarm about the situation that they find themselves. We would be extremely grateful if you would look at this issue as a matter of urgency and provide information that we can pass on.

We look forward to hearing from you.

Yours sincerely,



David Cox
Chief Executive
ARLA Propertymark



Mark Hayward
Chief Executive
NAEA Propertymark